

**Do PACs pick candidates? Who gets money from organized interests**

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*Abstract*

A great deal of theory suggests that ideological PACs have different goals than corporate PACs. Rather than seeking access to legislators like corporate groups, they are assumed to pursue an electoral strategy. However, tests of these theories have been difficult, because no means existed to differentiate ideological PACs from other non-connected PACs. Using a new classification method, we identify ideological PACs and compare them to non-ideological PACs, finding that the proposed electoral strategy of giving early to challengers is somewhat more attenuated in practice than in theory. These preliminary results suggest some directions for our further research.

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"Those who give early get whatever extra there is to be had; those who give late get good government."

-- Louisiana Governor Earl Long

*Introduction*

A great deal of research speculates about the role political action committees (PACs) play in government. Some studies attempt to determine the effect of political action committees on policy-making. By and large, however, very little research considers the effect of political action committees in selecting candidates for elections.

Most literature on PACs considers how PACs raise money, exhaustion of the population of givers, or the effect of connections with corporations and labor unions. An additional subset of the literature considers the effect of PAC contributions on legislative decision-making, especially in Congressional committees (Conybeare and Squire, 155). In all of this research, the electoral goals of PACs are seen as only marginally important in explaining PAC formation and allocations (Hall and Wayman, 799). In most cases, PACs are seen as adjuncts to lobbying efforts, rather than independent operators, for the simple reason that while most PACs are affiliated with lobbyists, most lobbyists are not affiliated with PACs.

Related to this assumption about the relative unimportance of electoral goals is the assumption that PACs contribute only to candidates who already hold elective office

(Denzau and Munger, 92; Wright 1990, 434). PACs contribute to candidates based on prior knowledge of their policy views as demonstrated by their legislative behavior (Herndon, 997; Wright 1990, 419). Contributions can therefore be seen as a signaling mechanism for lobbyists who may not be affiliated with PACs themselves; if a legislator receives a contribution from a particular group, observant lobbyists identify that legislator as sympathetic to a particular set of interests that the lobbyists may share (Wright 1990, 419).

Business PACs, according to Herndon, focus mostly on acquiring legislative access, i.e., getting audience with a legislator, through contributions (Herndon, 1000). Organizations formed by businesses, by this argument, are primarily focused on incumbents, with little interest in open seat races, and even less in challengers. Herndon suggests that labor unions also focus on defense of sympathetic incumbents (Herndon, 1001), though they are more likely than other organizations to spend money for open seat races and on challengers.

In reality, however, PACs do give to challengers and to candidates for open seats, and in many cases, these contributions, especially if provided early in a race, may result in a candidate's being perceived as viable (Sabato, 91). While most of the literature suggests that non-incumbent candidates are not important to the PACs, the PACs are important to outsider candidates. Additionally, PACs have historically been a source of contributions in the last few weeks of campaigns, when a sudden infusion of money may change the outcome of an election (Sabato, 90). Business PACs, in particular, in the early 1980s, set aside large portions of their budgets to save for the last weeks of tightly contested elections (Sabato, 90).

The population of PACs is not monolithic, however, and the examples of corporate PACs and unions are not necessarily definitive. Not all PACs pursue the same strategy, and many PACs may not spend their money to buy access to sympathetic legislators, but for other purposes altogether. Jacobson and Kernell (1981) propose three types of organizational campaign contributors: those seeking access, those seeking ideological goals, and those seeking partisan goals. Contributors interested in access should spend money primarily on incumbents, while ideological organizations should seek to fund sympathetic challengers. Partisan organizations should spend money strategically on party members in close elections (Eismeier and Pollock, 198).

These distinctions between political action committees, however, have historically been difficult to measure, primarily because there is no obvious test to determine which PACs are ideological and which are not. The Federal Election Commission collects contribution data on all political action committees, but the classification system does not identify ideological groups, though it does separate out both corporate contributors and unions. Instead, all groups that lack an institutional sponsor are classified as "non-connected" multi-candidate committees. Most research that considers the question of how ideological PACs act uses the category of non-connected PACs as a proxy group, without attempting to break out which groups are in fact ideological (Eismeier and Pollock, 201). Unfortunately, this group of organizations is notoriously large and diffuse, containing many business organizations as well as single-issue groups with national memberships (Gais, 49). One estimate suggests that less than half of non-connected PACs are in fact ideological organizations (Sabato, 11).

Unsurprisingly, then, the research on non-connected PACs, defined loosely as ideological PACs, has resulted in a range of conclusions that remain general at best. One study suggests that non-connected PAC contributions have gone largely to Republicans, as the "out" party (Eismeier and Pollock, 211), while another suggests that there is no strong partisan affiliation in the non-connected PAC population overall (Sorauf, 101). More detailed research reveals that individual organizations give primarily to one party or the other (Sorauf, 102), but that their individually partisan attitudes, aggregated, are not consistent across the population. All of this research points to the need to separate out the truly ideological groups from the general category of non-connected PACs to test whether or not ideologues in fact contribute differently to candidates than corporations do.

Our intent in this paper is to return to the question of whether ideological PACs contribute to candidates in different ways from other PACs by using a more precise classification of ideological organizations than the non-connected PAC category. With a more precise specification of which PACs are ideological, it becomes possible to determine whether ideological PACs give money either early or late in a campaign in an effort to spend more efficiently. Similarly, we are able to discover whether these groups prefer challengers to incumbents.

The results of this study raise some important issues. If ideological PACs give money early to challengers, offering them the perception of viability, then these PACs are in a sense choosing which candidates will be successful. In the case of a successful electoral strategy, they may be able to set the terms of political decision-making before corporate PACs can even begin to buy access. Corporate contributors, according to most

research, give primarily to incumbents who already sympathize with their views; as far as affecting governance goes, they are playing at the margins. But ideological PACs may have a larger role to play, perhaps even assuming the traditional role of political parties in recruiting and selecting candidates. This research attempts to address the question of whether PACs help pick candidates.

### *Hypotheses*

We hypothesize that ideological PACs, because they have less money than corporate groups (Gais, 23), will attempt to give money more efficiently. There are at least two possibilities for strategic giving. One strategy follows the adage that "early money is like yeast<sup>1</sup>," where PACs risk giving to potentially unsuccessful candidates in the hope that early money begets additional contributions from other groups. The other possibility is that ideological PACs follow the historical strategy of corporate PACs by saving money for the last few weeks of the campaign, when a last-minute influx of cash can determine whether a candidate already selected in the primary will win an election. In other words, ideological PACs will either engage in *candidates picking*, by grooming non-incumbents with early money, or *candidate tipping*, by providing last-minute support to put one candidate in front at the finish of a close election.

In addition, in line with previous theorizing, we expect that ideological PACs will prefer to fund challengers over incumbents. In part we expect this outcome because ideological organizations often organize best in response to political threats, exemplified most recently by the environmental movement's burst of fund-raising following the 1994 Republican takeover of Congress. In addition, political challengers lack established

constituencies in a district that need to be satisfied, making it much easier for them to take stands, regardless of pragmatism, on one or more single issues. Incumbents, by contrast, are required to satisfy a variety of players in their districts, as well as hearing out well-heeled representatives of non-ideological groups who promise to fund upcoming campaigns. Finally, the fact that incumbents are courted by a number of rich and well-established PACs, and given that non-connected, ideological PACs have less money, ideological PACs are less likely to make a significant impact with incumbents. In other words, *ideological PACs prefer to help outsiders*, who will not attract resources from non-ideological groups. For the same reason, we also expect that they will contribute more to open seat races, and more to the party out of power.

Finally, we expect that non-ideological groups, in keeping with extensive previous research, will give the greatest number of contributions to incumbents, with open seat contenders and challengers lagging far behind. There is mixed evidence on whether non-ideological organizations give early or late in the election cycle. In the first years of the expansion of PAC activity, they clearly set aside funds for late giving in elections. However, other research suggests that over time, incumbent legislators have become more savvy about different "tree shaking" methods, such as fund-raising dinners, that induce PACs to give earlier each election cycle (Sorauf, 107-108). Even though theories from 15 years ago propose that incumbent-based groups are unlikely to give early (Sabato, 91), we propose that as legislators' experience with PACs has progressed, that they have become more effective at inducing non-ideological PACs to contribute early. In other words, *we expect that non-ideological groups will give early to incumbents*.

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<sup>1</sup> This quote is drawn from Emily's List.

*Methodology*

We began by pulling a random sample of organizations from the Federal Election Commission's database containing the names and identification numbers of all PACs that had ever filed campaign documents.<sup>2</sup> We drew a random sample of 200 organizations from this list, and found that 74 of them were in existence in 1995-1996, the most recent time period for which data on the entire election cycle was available.

Using this list of PACs, we collected data on each organization, including the date of each contribution and the recipient of each contribution, including their party, the office they were running for, and their incumbency status. Most importantly, we also included the Standard Industrial Classification for each PAC, which identifies the specific issue area in which the PAC organizes. These new coding categories were applied to PACs only in the last few years, and were another reason why we chose to look at the most recent data available. Each PAC is organized into three categories, moving from specific to general. Examples of PACs with their SICs are given in Table 1.

**Table 1. Sample PACs with Standard Industrial Classifications**

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NATIONAL REALTY POLITICAL ACTION COMMITTEE (REALPAC)
Land Subdividers and Developers, Except Cemeteries
REAL ESTATE
Finance, Insurance, And Real Estate

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HARDEE'S FOOD SYSTEMS INC GOOD GOVERNMENT FUND
Eating and Drinking Places

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<sup>2</sup> Unfortunately, two weeks ago we discovered that the database sent to us by the FEC was not complete as advertised. When we compared the FEC's database with records from another source (set up using a different FEC database) we found that there were contributions listed from registered PACs who were not contained in our database. The existence of these PACs was verified on the FEC website. It is unclear whether there is any systematic bias generated by the missing groups; we do not have any information on how the incomplete list generated by the FEC was created. One of the first things on our list of "further research" is the acquisition of a better list of the universe of PACs.

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**EATING AND DRINKING PLACES**

Retail Trade

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**NEW YORK CHOICE PAC II FKA CITIZENS FOR FAMILY PLANNING II**

Political Organizations

**POLITICAL ORGANIZATIONS - PRO CHOICE**Political Organizations

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Any PAC that was classified as a political organization, but not as a leadership committee (a category created for PACs organized by candidates themselves), was defined in our sample to be an ideological PAC. This definition excluded a number of non-connected PACs that would have been included without the use of these classifications. In the final count, 24 of the PACs in our sample were classified as ideological, 47 were classified as non-ideological, and 3 were unions. This sample is unfortunately too small for us to draw any meaningful conclusions about union activity, compared to other organizations, but there were some interesting results that we mention in passing.

This level of detail in classifying PACs allows us to isolate ideological PACs from the residual category of non-connected PACs and review whether their contribution patterns are in fact different from non-ideological groups. Regrettably, this analysis is still painfully preliminary. However, it does suggest that some updates to previous research may be warranted, and leads us to propose further study of the topic.

*Results*

Our first hypothesis suggested that ideological PACs give strategically, either early in elections to pick candidates, or just before the election, in the hope of determining a close election. Our suspicion, consistent with earlier research, was that

ideological PACs would choose to give early, in keeping with their supposed preference for funding candidates outside the current system of government.

For the purposes of this research, we defined an early contribution as one given before June 1, 1996<sup>3</sup>, and a late contribution as one given in the month between October 1, 1996 and election day (November 5, 1996). We compared the early and late contributions made by ideological PACs to those made by non-ideological PACs.

While most of the contributions made by non-ideological PACs have now moved to early in the election cycle, as we expected, the non-ideological PACs actually gave most of their contributions in the last month before the elections. The early giving by non-ideological PACs, while what we expected, is a departure from their practices in the 1980s. While there is no real consensus on the timing of contributions by ideological PACs, theory on the topic proposes that they will give early for the chance to pick candidates. Instead, they appear to engage in a strategy of eleventh-hour giving.

Interestingly, the small sample of unions (not included in this table) gave all their campaign contributions early; 85% of contributions before June 1996, and no contributions in the last month before the election. While our sample is too small to allow anything but rank speculation, we suspect that unions behave like parties in this situation because they want to win as many races as possible for the Democratic party. Early giving is characteristic of an electoral strategy.

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<sup>3</sup> This date is used as a preliminary "place holder" in lieu of using the date of the primary election that each recipient faced. In continuing our research, we plan to define early contributions as those received before the primary election.

**Table 2. Early and late contributions by ideological and non-ideological PACs**

	Ideological PACs	Non-ideological PACs
Early contributions	30%	63%
Late contributions	39%	15%
<i>N</i>	53	1422

At least one theory suggests a reason why ideological PACs may save most of their contributions for the last month before the election. Ideological PACs, being primarily non-connected, have no steady source of funding from an outside organization, and depend on the political interest generated by the election to fuel their contributions. By this argument, ideological PACs are forced to contribute toward the end of the election cycle when issues become salient, regardless of their preferences, simply because that is when they have money available to give (Sabato, 91).

This argument, while interesting, suggests that ideological PACs lack the ability to plan for the future. If it is true that PACs receive money late in the election cycle, they might still choose to save their contributions until early in the next election cycle, allowing them to pursue an electoral strategy by waiting only a year. This theory could be tested by collecting data on the amount of money each ideological PAC had available in their accounts early in the election cycle. We didn't do that though<sup>4</sup>.

We did, however, consider the question of whether the outsider-oriented strategy that we expect ideological PACs to pursue works when we consider their choices of which candidates to support. If ideological PACs are focused on political outsiders, they should give much more heavily to challengers and candidates for open seats. In contrast, all the available theory and research suggests that non-ideological PACs will give primarily to incumbents, with only limited contributions to open seat candidates, and

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<sup>4</sup> We will.

even fewer contributions to challengers. This is in fact the case; the type of candidates that each kind of PAC prefers is exactly as predicted.

**Table 3. Percent contributions to incumbents, challengers, and open seat candidates**

	Ideological PACs	Non-ideological PACs
Incumbents	28%	75%
Challengers	63%	8%
Candidates for open seats	9%	17%

The only surprising result here is that ideological PACs choose to give so much to incumbents, relative to candidates for open seats. For a true offensive strategy, we would expect that the most contributions would go to challengers, with open seat candidates in second place, and incumbents last. However, it appears that some of the ideological groups are pursuing at least a partially defensive strategy with regard to candidates, as unions were expected to do. (Our very small sample of unions gave almost all their money to incumbents.) This result, while lacking much theoretical backing, is commended by common sense. There are almost always at least a few incumbents who please single-issue groups of various stripes. Operating under the assumption that "a bird in the hand is worth two in the bush," ideological givers would probably choose to devote at least some resources to any sympathetic incumbents, rather than risking all their contributions on first-time contenders for seats, all of whom might conceivably lose. Non-ideological groups, unsurprisingly, give to candidates in a pattern consistent with all expectations.

Why might ideological groups give more to incumbents than to candidates for open seats? The strategy of ideological groups may not be entirely consistent with the theory that they prefer outsiders. Given that ideological groups are both dedicating funds to late in the election cycle, and giving more money to incumbents than to contenders for

open seats, they may be pursuing a least-worst strategy. This strategy would call for improving the chances of the better of two possible candidates, rather than ensuring the nomination of candidates that might not be elected in November.

We see some limited support for this theory with reference to another fairly simplistic metric, the average contribution to each candidate (Table 4). While ideological PACs have far less money to give overall, they give, on average, larger contributions than non-ideological PACs do (as well as unions, though they are not included in this table). While this is only the most rudimentary of measures, it does suggest that instead of trying to blanket all potential friendly parties with contributions, as the corporate "access" strategy would suggest, that these funds are targeted. We expect that further research on the nature of races that garner contributions will more fully flesh out this theory.

**Table 4. Average and total contributions, by PAC type**

	Ideological PACs	Non-ideological PACs
Mean contribution	\$1,087.13	\$779.68
Total amount given	\$58,705.00	\$1,173,422.00

However, the idea that ideological PACs strictly prefer outsiders does explain giving to different parties. As predicted, ideological PACs strongly prefer the out party, in 1996 the Democrats, while the incumbent-oriented non-ideological PACs prefer to give to Republicans who controlled Congress. With respect to ideological PACs, this result is one that was never particularly clear when considering the population of non-connected PACs, since individual groups' partisan preferences were aggregated across very different kinds of groups.

**Table 5. Percent of contributions by political party**

	Ideological PACs	Non-ideological PACs
Democrats	85%	28%
Republicans	9%	72%
Third parties	6%	0%

In keeping with the theme of giving to outsiders, ideological PACs were also the only groups (even including the small sample of unions) to make any contributions to third party candidates. Even if the strategy of ideological PACs is not strictly oriented to challengers and candidates for open seats, their interest in the party out of power remains consistent.

### *Conclusions*

We cannot emphasize enough that this research is preliminary. While it suggests directions to pursue further research, the data we have collected are limited in their ability to do much more than suggest how to proceed with testing the theories proposed by the literature.

The contribution that these data can make is the creation of a true population of ideological organizations, which constitutes a subset of groups than had not been defined in previous research. Simply narrowing this group down from the category of all non-connected PACs leads us to believe that some of the theories regarding ideological organizations are imperfectly specified. Ideological PACs do not spend primarily on early contributions, nor do they prefer candidates for open seats to incumbents. While they clearly prefer Democrats, who are currently the party out of power, this research does not identify whether this is a preference that existed even when Democrats were in

power, or whether ideological PACs wax and wane as groups mobilize defensively. Many ideological PACs are quite short-lived (Gais, 62-63).

What can be said from this research is that at least currently, ideological PACs do not spend the kind of early money that would lead us to believe that they are involved in picking candidates. If anything, early corporate contributions to incumbents may be more effective in setting the makeup of future Congresses; if sizeable war-chests deter strong candidates, non-ideological PACs are doing their part to create them.

To resolve some of these questions, we propose to expand our sample, allowing us to work with a meaningfully sized group of unions for contrast, and to broaden our research into at least one other election cycle, preferably one where the Democrats constituted a majority in Congress. We also propose to collect data on the state of each ideological PAC's treasury over the course of the election cycle, allowing us to determine whether ideological PACs give late in the election cycle because that is when they have money or as part of a larger strategy. The fact that ideological PACs give more on average than corporate contributors, despite having significantly smaller treasuries, suggests that at least some strategic considerations are in play.

In the long term, we also hope to learn more about the large group of PACs that never make any contributions to candidates at all, estimated to be about 40% of the population (Sorauf 1988, Sabato 1984). If this group consisted only of ideological, non-connected PACs, we would expect that this was a legacy of poor fund-raising. However, these groups appear in connected corporate PACs, ideological groups, and various membership organizations. Some understanding of this portion of the population may help explain how PACs pursue other strategies to influence policy, if they are not simply

providing campaign contributions. The strategies of political action committees may be more complex than we anticipated.

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